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Briefly Speaking

B. Sp. No. 16 February 25, 1941

War and Defense Multiply the Farmer's Problems

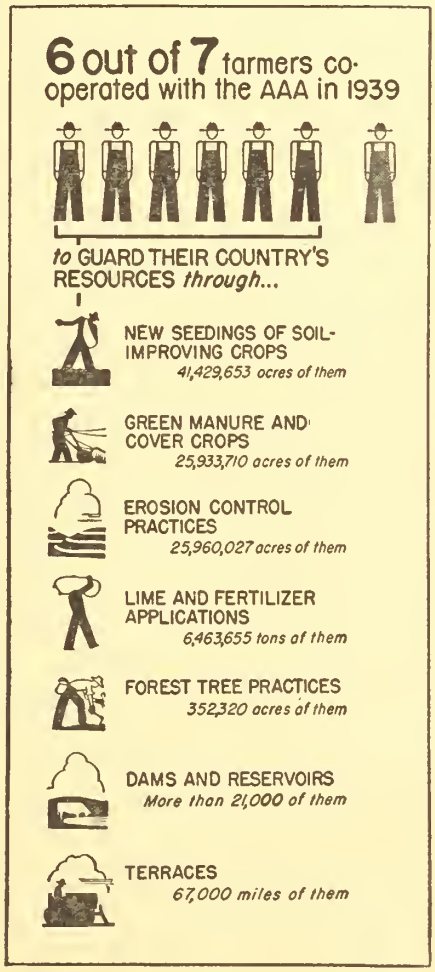
Maintenance and Adjustment

Each of the three major segments in our national life—industry, labor, and agriculture—has its work cut out for it. * * * To agriculture falls the unspectacular but difficult job of adjusting its already serious peacetime problems to the even more serious wartime situation.

Agriculture's job.—It is apparent that agriculture's job is mainly one of maintenance and adjustment. In the first place, agriculture must maintain the farm plant in such a healthy, productive condition that supplies of food and fiber will continue to be sufficient regardless of what may develop.

Agriculture must adjust itself to the impact of war abroad and of our national defense program. It must be prepared to adjust itself to the loss of a large proportion of our export markets for many of our major commodities. It must be prepared to adjust itself to increased consumer demand, made possible largely by the increased defense activity, for many products which are consumed at home. Agriculture must meet all of the new problems and at the same time hold the gains it has made in the peacetime objectives of balanced farm production, improved prices, and a fairer share of the national income.

New plants.—Many new plants are going to be built for defense production. I am contending for the principle that where there is freedom of action, they should be located away from the regions of heavy industrial production and near the reservoirs of unemployed labor—including rural labor. * * *—*Condensed from an Address by Chester C. Davis, Agricultural Commissioner, National Defense Advisory Commission, Baltimore, November 1, 1940.*



▲ The population of the 20 Latin American countries is about 125,000,000.

▲ Brazil's coffee crop is grown on an area equal to about one-fourth of Ohio.

Problems Ahead

The problems facing agriculture have been multiplied by the war abroad and by the changes in our national economy resulting from the defense program at home. In the administration of a national farm program, every committeeman needs to consider these problems and the part that he can have in meeting them in the months and years ahead.

The triple goal of abundant production, of soil conservation, and a parity income for farmers continues to be the ultimate purpose of the AAA program. But in achieving these goals we must consider at all times the problems which have accompanied war and defense. This issue of BRIEFLY SPEAKING deals with a number of these problems. They include:

Export losses.—American farmers have lost, temporarily at least, a foreign market for the products of about 15 million acres. Agricultural exports were 40 percent lower in August 1940, after 1 year of the war, than they were in August 1939.

Increasing consumption.—We must strive to increase domestic consumption by such means as Food Stamp programs, but surplus removal programs must supplement control programs. Our productive capacity is still far ahead of our ability to consume.

Larger acreage allotments.—In order to provide continuing large reserves for defense, wheat and corn acreage allotments for 1941 are larger than they normally would be. Farmers are taking a chance on extra-large surpluses by doing this. They will need protection if the surpluses accumulate.

(continued on last page)

Compiled by the Division of Information, Agricultural Adjustment Administration, United States Department of Agriculture, from official and unofficial sources for the information of committeemen and others cooperating in the administration of the A. A. A. programs.
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Looking at Latin America

Hemisphere Agreements

It is no more than good common sense for the surplus-producing countries of this hemisphere, and possibly certain other countries outside of the hemisphere, to get together and work out a cooperative program which would avoid cutthroat competition for the remaining restricted world markets. In my view such a program would involve international commodity agreements looking toward the adjustment of supplies to the available demand.

Already started.—This is not by any means a new idea. In fact, the idea has been put into successful operation in the case of at least two world staples—rubber and tin. Further more, an international agreement with respect to the production and marketing of sugar was arrived at in 1937. The United States is a party to that agreement. Finally, within the last few weeks the 14 coffee-producing countries of this hemisphere and the United States signed an international coffee agreement.

One country can't act alone.—Now the agricultural adjustment program in the United States has had to be on a Nation-wide basis. It would have been worse than useless for any individual State to attempt to alleviate a particular surplus problem simply by action taken within that State. Similarly, it seems to me reasonable to suggest that in the case of at least certain staples of world commerce no action on the part of an individual exporting country can be fully effective. What one country attempts to do in the way of adjusting particular commodity situations may be negatived by what other countries do in the opposite direction. Clearly, in such cases there is a need for cooperative action on an international scale.—*L. A. Wheeler, Director, Office of Foreign Agricultural Relations, Lexington, January 31, 1941.*

Hemispheric Unity

I think our producers are as patriotic and wise as any group in the country. When they realize that it is essential to the national welfare to strengthen hemispheric economic unity, they will not stand in the way of the national welfare. They will insist only—as any group should insist—that the total cost of achieving economic unity in the hemisphere shall be shared by all the people in the United States fairly and squarely. On the other hand, I don't believe that the rest of the people of the United States intend to ask the farmers to bear the whole cost or a penny more than their fair share of the cost of achieving hemispheric economic unity.—*A. W. Manchester, Director, Northeast Division, AAA.*

Adjustments Ahead

World War No. 2 climaxed the downward trend in our export trade that had been going on for four decades. Likewise it brought out into sharp relief the situation that American farm products face in the world export markets today.

For instance, let us look at the world supply of some of our major crops. * * * There are 2 bales of cotton on hand in the world today for every bale that will probably be used in the current marketing year. * * * There are at least 2 billion bushels of wheat in the world today for which no market exists. * * *

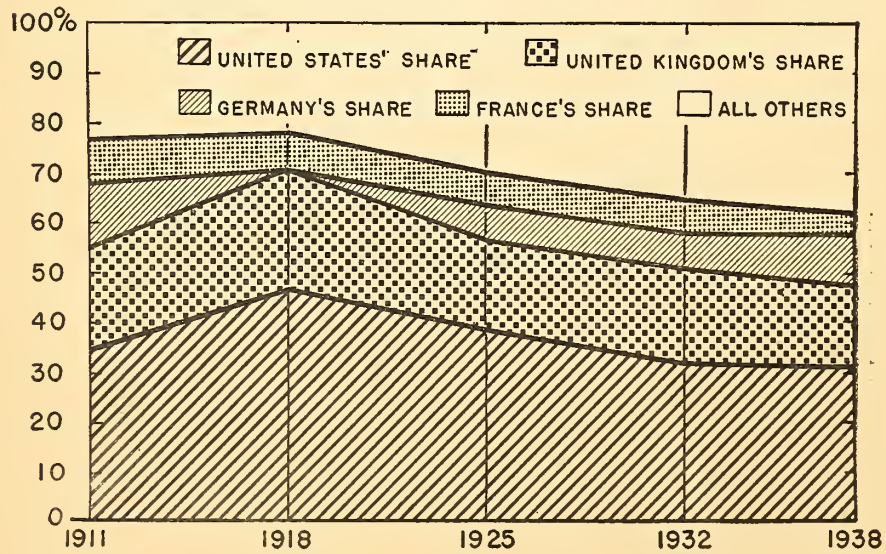
Land and people.—It is not difficult to see what we should do with our land to preserve its fertility, stop erosion, and create better-sized and better-organized farming units, economically speaking. The trouble comes when we try to place the people who would be driven off the land by such changes in land utilization. * * *

The first thing we must realize is that we can't reduce the number of people who live on cotton farms, or wheat farms, or tobacco farms, in the same proportion that we reduce the acreages of these commodities. * * * Requiring them to raise less cotton or other export crops isn't solving their problem. They must be encouraged and be given the means first of all to raise the things they need for their own tables. We can't afford to let people do without adequate diets. That is one reason why I say we need agrieultural adjustment and not agricultural reduction.

More home foods.—Yes, I know that adjustment is certain to mean increased production of milk, pork, and vegetables. Most of this increase will and should be consumed by the family on the farm or in the immediate neighborhood where produced. * * *

These problems of adjustment are the toughest for low-income producers who are in no way responsible for their development. All society has the moral obligation to help these people because it is in one way or another responsible for having helped increase the problems of low-income farm people.—*Adapted from an Address by Secretary Wickard to the Farm and Home Convention, Purdue University, January 15, 1941.*

Latin America's Exports, 1911–1938



The United States has been taking about one-third of Latin America's total exports in recent years. For three decades we have been taking as much or more than our three nearest competitors. During World War I we bought close to 50 percent of Latin America's exports, while Germany's takings practically disappeared. However, in recent years, prior to the beginning of World War II, Germany slightly increased its share of Latin America's exports. Great Britain's share has declined slightly in recent years. Indications are that we will find it advantageous to increase materially our share of Latin America's exports of complementary (noncompetitive) products far above what we formerly have bought. (See chart on opposite page.)

Some Questions and Answers on Agricultural Defense

Lost Acres

What does the loss of the continental European market mean in terms of acres of United States crops?

In recent years, approximately one-half of our fire-cured tobacco has been exported to continental Europe, 20 percent of our cotton, 5 percent of our flue-cured tobacco, 5 percent of our wheat, 4 percent of our apples, 20 percent of our raisins, 50 percent of our dried prunes, and 60 percent of our dried pears. These exports to continental Europe have virtually been completely lost, which means that the products from approximately 12 million acres in the United States no longer have a normal foreign market.

What has restricted buying by the United Kingdom meant in terms of acres of United States crops?

The importance of the United Kingdom as a market for United States agricultural products is emphasized by statistics which show that in recent years approximately one-third of the flue-cured tobacco produced in this country has been exported to the United Kingdom, 10 percent of our cotton, 10 percent of our lard, 3 percent of our wheat, 20 percent of our raisins, 25 percent of our canned pears, and 5 percent of our apples. If we should completely lose this market, which has already been sharply curtailed, it would mean that the products from approximately 5 million additional acres would be without a foreign market.—*J. B. Hutson, Deputy Commissioner, National Defense Advisory Commission, Chicago, December 1940.*

Cotton South's Needs

What can farmers do with acres not needed for the production of cotton?

We can put still more of our cotton land into food and feed crops. We need more of them. But we need cash, too. And unless we find other sources of cash, we must grow cotton. And we must get a fair price for cotton. At present prices there is only 6 or 7 cents' worth of cotton in a dollar shirt. * * * Ways must be found to help Southern farmers to adjust their farming to the new conditions. Otherwise Southern agriculture will be left out of the economic union. I am confident ways will be found.—*I. W. Duggan, Director, Southern Division, AAA, January 27, 1941.*

Wheat and Defense

Will the Defense Program help the wheat farmer?

* * * The fact that employment and pay rolls are rising won't help the wheat farmer. As people get more money they eat more of other things than they do of wheat.

United States wheat farmers are getting a higher return for their crop than farmers in any other country of the world, but this return is still too low. We have seen wheat farmers in other nations in distress because of unlimited production and neglect of the soil. I hope our wheat farmers are going to hold the line not only for abundant production, but for soil conservation, and a fair income too. After all, there's only about a penny's worth of wheat in a 10-cent loaf of bread.—*N. E. Dodd, Director, Western Division, January 27, 1941.*

Corn to Burn

Have the Argentine Government's efforts to dispose of surplus corn been effective?

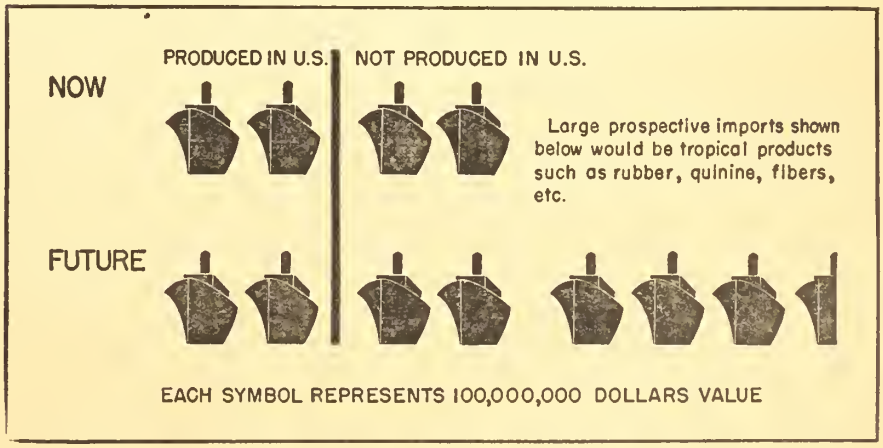
Despite the efforts of the Government to expand domestic consumption through the use of unshelled corn for fuel, increased feeding to livestock, and the utilization of this grain for various industrial purposes, the exportable surplus from the 1939–40 crop was officially estimated on January 25 at 256 million bushels. Unless greater outlets for the disposal of present supplies, both at home and abroad, become available during February-March, the last 2 months of the marketing season, about 245 million bushels will remain for carry-over into the new season, beginning April 1. This amount added to a prospective crop of 310–355 million bushels would indicate an exportable surplus for next season of from 455 to 500 million bushels.—*Foreign Crops and Markets, February 10, 1941.*

Canada's Wheat Problem

What has the war meant to Canadian farmers, who have no acreage adjustment program?

The wheat surplus has forced the (Canadian) Government to limit the marketings of every producer to a fixed quota, which began at 5 bushels per acre and is now from 8 to 15 bushels, depending on local storage facilities. Since Canadian farmers produced about 20 bushels per acre on the average, they have on their hands a huge surplus of wheat that they are forbidden to market on penalty of fine or imprisonment. On the wheat that is permitted to be marketed, the Canadian Government pays a fixed price, which amounts to about 50 cents a bushel to the farmer on the Canadian prairie. The wheat supply is piled up so high that Canada can meet all its domestic and export requirements for the next

U. S. Farm Imports From Latin America



The United States has need of certain products which can be raised in Latin America and which we now obtain from other sources such as crude rubber; cinchona bark for the making of quinine; rotenone-bearing plants valuable for insecticidal purposes; kapok, employed as an insulator; cocoa; abaca or manila fiber; camphor; tea. If our needs for these were supplied by Latin America, our total imports from there would exceed 750 million dollars a year. Our present imports, amounting to about 400 million dollars a year, represent about 50 percent of goods which are produced in this country (some of which we do not produce in sufficient quantities to meet our needs), and 50 percent of goods which we cannot produce such as coffee, cocoa, and bananas. These complementary (noncompetitive imports can be increased without increasing imports of farm commodities which compete with ours.

2 years even if it entirely stops producing wheat during that time.—*R. M. Evans, AAA Administrator, Baltimore, Md., December 9, 1940.*

Quota Alternatives

How can corn and wheat farmers protect themselves from the lower demand for their products resulting from war?

If corn and wheat quota referendums are held, the outcome will show how well farmers are going to be prepared for the end of war. The outcome will show whether farmers will control the surplus or whether surplus will control the farmers.

I'm confident that every farmer who understands what is happening in the world and what is likely to happen will plant within his corn allotment and will cooperate fully in the program to meet the threat of surplus.—*Harry N. Schooler, Director, North Central Division, WLS, Chicago, February 14, 1941.*

War and Tobacco

What is the outlook for the tobacco farmer?

Our farmers have learned by sad experience that they can't get more tobacco consumed by just growing more. This is because so small a part of the price paid by the smoker goes for the tobacco. * * * Only 1½ cents out of a 15-cent package of cigarettes goes to the farmer for the tobacco. And when farm income goes down all business goes bad. Some farmers lose their farms, and the remainder are unable to care for the land as it should be cared for. * * * And so our problem boils down to this: To keep our income and our soil while making difficult adjustments.—*W. G. Finn, Director, East Central Division, AAA, January 27, 1941.*

Taking Chances for Plenty

Are we producing enough this year for all possible emergencies?

For the coming season acreage allotments (corn and wheat) are higher than may actually be necessary. We wanted to make doubly sure that the national preparedness program would not find even the slightest chance of any possible shortage anywhere at any time. We are aware, however, that the unpredictable tide of world events may leave us with too many supplies on hand. Our defense preparations of today may require special measures of control and conservation for tomorrow.—*R. M. Evans, AAA Administrator, Des Moines, January 29, 1941.*

Surplus People

Are there too many people trying to make a living in agriculture?

* * * There are 7 or 8 million people in agriculture who are not needed to supply all our markets for food and fiber. * * * This excess population—close to one-fourth of all the people living on farms—is being supported by agriculture on a bare subsistence level just like a gigantic relief program. Agriculture is paying the bill—paying in terms of exhausted soil, depleted income, and low living standards. * * * Too many farmers are competing against each other for markets that are shrinking every day as we lose more and more of our foreign trade.—*R. M. Evans, AAA Administrator, Madison, February 3, 1941.*

Subsistence Farmers

Can agriculture continue to support these subsistence farmers?

Subsistence living on submarginal farms is no answer to the needs of the surplus rural population. Their ancestors did not come to America in search of a heritage like that. Our great country, overflowing with abundance, owes these stranded families a real opportunity to live the way Americans should live.

Here is one great challenge for the future—either by private or by public enterprise—to create genuine opportunities for those who have no essential role in our existing productive system on the farm or in the factory.—*R. M. Evans, AAA Administrator, Des Moines, January 29, 1941.*

Cotton Program

Secretary of Agriculture Claude R. Wickard has announced a supplementary cotton program for voluntary reduction of cotton acreage below the 1941 national acreage allotment and for increased consumption of cotton goods, to be brought about by compensating cotton farmers for their additional acreage reduction with cotton stamps which may be used to purchase cotton goods. * * *

The program, which applies to the 1941 cotton crop, will be carried out by the Agricultural Adjustment Administration and the Surplus Marketing Administration. The AAA will administer the program in the States and counties and the SMA will provide and redeem up to 25 million dollars' worth of cotton stamps which farmers will receive for their voluntary reduction. Farmers will receive stamps for planting less than their 1941 allotments or their 1940 measured acreage, whichever is lower, at the rate of 10 cents a pound times the normal yield of the underplanted acreage, up to $25 per family in the case of sharecroppers, tenants, and owner-operators. Owners of more than one farm or of a farm operated by more than one tenant may qualify for up to $50 worth of the stamps, based upon their share of the crop. * * *

To emphasize and promote the production of food and feed for home consumption on cotton farms, additional small practice payments will be provided for increased food production for home consumption on those farms which qualify for cotton stamps in 1941.—*USDA Press Release 1409-41.*

(Farmers can earn an additional $3 payment for increasing food production for storage at the same time they are earning $25 in cotton stamps for voluntarily reducing cotton acreage * * *.)

Problems Ahead (continued)

Costs and income.—Prices of things farmers buy are going up, but farm income, especially from the major export crops, will not advance enough to keep up with the increases. Farmers face the danger of getting a smaller proportion of parity than they do now. Parity prices for farmers should not burden consumers unfairly. Parity prices would mean only about a nickel more on a cotton shirt, three-fourths of a cent more for a loaf of bread.

Marketing controls.—Wheat and corn farmers face referendums on marketing quotas this year. Quotas have already been voted for cotton for 1941, and for tobacco for 1941, 1942, and 1943.

Too many farmers.—There are 7 to 8 million too many people trying to make a living off the land. They are agriculture's relief load. They need a place in industry.

Hemisphere problems.—The problem of making the Americas safe against aggression requires hemispheric cooperation.

As committeemen you can give your neighbors facts on these points and discuss with them solutions which must be worked out. The magnitude of the problem facing agriculture calls for sound thinking and aggressive action by AAA committeemen in every county and community.—*R. M. Evans, AAA Administrator.*

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